



# NEWS RELEASE

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**FOR IMMEDIATE RELEASE  
Wednesday, December 5, 2007**

**07-179**

**CHRIS HAYES PLED GUILTY TO MISAPPLICATION  
OF GOVERNMENT GRANT FUNDS AND A MONEY LAUNDERING VIOLATION**

Fairbanks, Alaska – United States Attorney Nelson P. Cohen announced today, December 5, 2007, that Murilda C. “Chris” Hayes, a resident Fairbanks, Alaska, pleaded guilty in federal court to a charge of illegally diverting government funds awarded to a Fairbanks charitable organization created to aid disadvantaged Fairbanks youth. The funds were diverted for her personal use and to pay for the construction and furnishing of a Fairbanks church with which she was associated. Chris Hayes also pled guilty to a charge of money laundering to conceal the source of the diverted funds.

Chris Hayes, age 56, pleaded guilty to two counts before United States District Court Judge Ralph R. Beistline.

In connection with the guilty plea, Assistant United States Attorney Karen Loeffler filed with the court a plea agreement that set out a factual basis for the guilty pleas as agreed to by Chris Hayes. In summary, those facts include the following:

Chris Hayes was the executive director of Love Social Services Center (LSSC), a charitable organization, set up to provide social and educational services to low income and disadvantaged youth in the Fairbanks community. Jim Hayes is her husband and the pastor of Lily of the Valley Church of God in Christ (LOVCOGIC), and also a board member of LSSC. Between 2001 and 2005, LSSC received over 2.7 million dollars in government grants from the Department of Housing and Urban Development and the Department of Justice Office of Juvenile Programs. LSSC used the original grant money to purchase the old LOVCOGIC church building. LOVCOGIC then built a new and larger church across the street from its old location.

When the cost of construction for LOVCOGIC’s new church exceeded its sources of funding, Chris Hayes illegally diverted LSSC government grant funds to pay construction bills and provide furnishings and operating expenses for the new church. Chris Hayes also used the government funds to pay for personal bills and personal items. The indictment charges that Chris Hayes concealed the source of the above payments by causing the charity to write checks to cash that she then converted to money orders and cashier’s checks to make the illegal payments.

(more)

Judge Beistline will schedule sentencing for a date following the trial of the defendant's co-defendant, husband James Hayes. The law provides for a maximum sentence of 10 years in prison and a \$250,000 fine for the misapplication of funds charge and 20 years in prison and a \$500,000 fine for the money laundering charge. Under the Federal Sentencing Guidelines, the actual sentence imposed is based upon the seriousness of the offenses and the criminal history, if any, of the defendant.

Pending sentencing, the court continued Chris Hayes on bond.

The investigation that led to the prosecution of Chris Hayes was conducted jointly by the Internal Revenue Service–Criminal Investigations; the Federal Bureau of Investigation; the Office of Inspector General, U.S. Department of Housing and Urban Development; and the Office of Inspector General, Department of Justice.

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